STACEY O'DAY
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Allen County's Annual Trending Summary 2010 Pay 2011

Allen County performed preliminary ratio studies on all neighborhoods at the township level. An analysis of the statistics helped indicate which areas needed the most concentration for this year in regards to both sold and unsold properties. Some areas required re-delineation of neighborhood lines, while others required further stratification of homes. Field checks were performed on the areas that re-delineation and/or further stratification did not correct. New neighborhoods were created in some townships that had new subdivisions for 2010 pay 2011. In a number of neighborhoods, values stayed the same from the previous year because there was no clear evidence supporting a change.

Similar to the past 2 years, Wayne Township experienced a tremendous amount of foreclosures between 2009 and 2010. (see the next pages for an explanation of what was done in the foreclosure areas)

Residential land values were developed for new subdivisions and adjusted in areas that sales indicated change. After these steps were taken, neighborhood factors (annual adjustments) were calculated for each neighborhood. These neighborhood factors were applied and the statistics were calculated again. Further analysis was done where it was required.

We used sales between 1/1/09-3/1/10 in the annual adjustment process in neighborhoods that had enough sales in that timeframe. In neighborhoods where there weren't sufficient 2009 and 2010 sales, we used sales from 2008 and time adjusted them if it was necessary. For neighborhoods that had few to no sales and could not be compared to other neighborhoods, the factor remained unchanged for 2010.

As we have in years past, we used a gross rent multiplier model to value residential rental properties.

Commercial and industrial cost tables were updated this year to reflect new improvement values. The Nexus Group Construction Cost Index (NCCI^{sm}) was used to update these cost tables. We also changed the year of depreciation from 2009 to 2010. Appraisals, sales comparables, and income data was also used to trend commercial and industrial values. Along with this information are surveys and other tools that local appraisers have shared with us to help expose our staff members to as much relevant information as possible.

Allen County also converted CAMA software systems this year. As a result, there were various conversion errors that we have been cleaning up since the conversion. In order to stay on track to meet all of the statutory deadlines and on-time tax bills, we are submitting our workbook with our ratio study with the caveat that we will still be cleaning up some conversion errors on commercial/industrial parcels. We will track all of these changes and will report them to the Department. The parcels that are included in the ratio study have already been addressed.

In some neighborhoods, we had to trim outliers that were heavily scrutinized and we determined that they did not fit the market. We found that we had other sales in these neighborhoods that supported the market values, and the sales below were not indicative of those values. Sales of the parcels below were left out of the annual adjustment process:

Township	**Neighborhood**	**Parcel Number**
Aboite	381101	02-11-01-406-006.000-075
Perry	582301	02-02-17-379-011.000-058
Perry	582201	02-02-17-352-010.000-058
Cedar Creek	822202	02-03-21-252-011.000-082
Cedar Creek	822201	02-03-21-431-001.000-082
Cedar Creek	432102	02-03-24-404-007.000-043
Cedar Creek	432102	02-03-24-403-002.000-043
Washington	734701	02-07-34-208-006.000-073
Washington	651024	02-07-04-152-001.000-065
Washington	651036	02-07-17-326-003.000-073
Cedar Creek	421019	02-03-22-351-005.000-082
Cedar Creek	823002	02-03-28-253-010.000-082
Aboite	387601	02-11-31-130-001.000-038
Aboite	381008	02-11-30-326-003.000-038

Wayne Township Assessors Office
Beverly Zuber, Assessor

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City County Building Room 242
Fort Wayne, IN 46802
Phone – 260.449.7173
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May 20, 2010

For 2010 trending, Wayne Township analyzed neighborhood's township wide and found various areas that have evolved into foreclosures, as well as some which have maintained their previous foreclosure status. These neighborhoods are spread throughout the township with a large concentration in the southeastern portion of the township. Other areas include the most southern sections of the Northeast quadrant and Southwestern quadrant of the township. (See Exhibit A)

These areas were investigated differently due to a high percentage of foreclosures and rentals in each respective area. Within these neighborhoods, all transfers were examined with an emphasis on sales following foreclosure and valid sales. Upon reviewing the sales, a process that Wayne Township created for 2008 Trending was used. Foreclosure sales were separated out from the valid sales. Then, the upper half of the foreclosure sales and the lower half of the valid sales were combined. This helped eliminate the outliers from both inflated and foreclosure sales. This data was then trimmed to arrive at the sales used to create the factor and determine the value in any given neighborhood. After the foreclosure neighborhoods were priced out, Judy Macon, a local realtor, and John Thistlethwaite, a local appraiser, were brought in to review the values in each area. (See Exhibit B)

Tammy L Smith
Senior Real Estate Appraisal Deputy

Sharri Hays
Real Estate Appraisal Deputy

Eric Baca
Real Estate Appraisal Deputy

Exhibit A

Southeast Quadrant **Total parcel count for foreclosures: 11,376**		
371106	371135	371148
371158	371159	371174
371175	371203	371215
371249	371284	371320
371402	371405	371406
371408	371409	371410
371445	371447	371448
371449	371450	371457
371502	371203	371506
371610	371706	371711
371714	371715	371720
371721	371723	371803
371805	371809	371810
371812	371817	371819
371903	371904	372001
372003	372101	372105
372106	372108	372201
372207	372209	372213
372303	372304	372307

Northeast Quadrant (southerly sections) **Total parcel count for foreclosures: 1390**	
172207	172220
172117	172225

Southwest Quadrant **Total Parcel Count for Foreclosures: 4869**	
471135	471112
471203	471211
471311	471408
471415	471417
471864	471874

Exhibit B

May 20, 2010

I was contacted by the Wayne Township Assessor's office regarding the values in the southeast portion of their township. Upon reviewing their assessed values, I agreed with the estimate of value.

Judy Macon
Broker/Owner

May 20, 2010

I was contacted by the Wayne Township Assessor's office regarding the values in the southeast portion of their township. Upon reviewing their assessed values, I agreed with the estimate of value.

John Thisthlethwaite

Judy Macon’s Qualifications

Member of the Fort Wayne Area Association of Realtors and National Association of realtors, specializing in Residential Sales.

Chair person of the Fort Wayne Housing Authority

President of Property Tax Assessment Board of Appeals

John Thisthlethwaite’s Qualifications

Member of Counselors of Real Estate

Hold the appraisal designation of GAA by the National Association of Realtors

“Fellow” member of the Royal Chartered Surveyors

Member of Property Tax Assessment Board of Appeals

Additional Info on Wayne Twp

Local Housing Crisis

A host of factors created a wave of foreclosures, devalued properties and blighted neighborhoods

By Dan Stockman

John Boyd points to the houses up the street, across the street and down the street.

“That was a drug house. That one was a drug house. That was a drug house,” he says. “That one over there was a drug house.”

The drug houses of Drexel Avenue just north of McMillen Park are gone now, a result of a concerted effort by the Fort Wayne Police Department. But, hard as it may be to believe, getting rid of the crack dealers was easier than solving the problems weighing down the neighborhood these days.

Now the problem is empty houses. And For Sale signs. And For Rent signs. And board-ups.

While Boyd’s neighborhood is an extreme example, it shows many of the powerful forces at work all over Allen County, forces that affect the value of every home no matter how large or small.

How bad is it?

As anyone who has bought or sold a house here in the past few years can tell you, the residential home market – especially within the city of Fort Wayne – has been slow. And it is likely to get worse yet:

• Between 1990 and 2000, there were 15,689 new households added to Allen County’s population. But there were more than 21,000 building permits issued, according to studies done for the joint Fort Wayne-Allen County Comprehensive Plan.

• Many of the houses sold were paid for with loans the buyers couldn’t afford: In 2005, at least 1,555 houses were sold in sheriff sales after foreclosure. In 2006, that number grew to 1,808 sheriff sales. And in the first half of 2007, there were 1,065, and the trend shows no signs of slowing. That’s nearly 5,500 sheriff sales in three years; there are about 139,000 housing units in the county.

• Though new construction has slowed dramatically, houses continue to be built. Meanwhile, the number of unwanted houses is growing at an unprecedented pace: In 2000, the U.S. Census Bureau counted 10,160 vacant housing units in Allen County. By 2006, that number was estimated to have grown to 15,821. That would mean more than one of every 10 housing units in Allen County is vacant. In Vanderbugh County, 9 percent are vacant.

The result of all these forces? Slumping demand – the number of sales of existing homes keeps dropping, the number of new houses built keeps dropping, and the number of days houses spend on the market before selling keeps rising.

When demand falls, so must prices.

The Midwest has been somewhat insulated from falling home values, mainly because it also didn’t benefit from the real estate bubble, experts said. Prices in Allen County have largely held steady the past couple of years, but if the number of vacant houses continues to grow, average prices could drop dramatically.

Karan Flick, CEO of the Fort Wayne Area Association of Realtors, said prices are down somewhat from their high in 2005, but not much.

“We didn’t see the great appreciation levels of other places, but now we’re not seeing the great corrections, either,” Flick said. “Obviously, we are seeing more foreclosures right now. When you have distressed properties and short sales (where homes are sold for less than is owed on the mortgage), that’s going to drive down prices somewhat.”

The silver lining is that it may be a good time to buy a house.

“Assuming you’re in a financial position to do it, it’s more of a buyer’s market now, you have more choices,” Flick said.

Government studies show the market forces at work have created a doughnut of demand, where neighborhoods in the suburbs see stable or rising demand, and neighborhoods in the urban core see demand fall. Falling demand lowers prices, brings in more rentals and hurts economic development.

Meanwhile, in the suburbs, the new strip malls and restaurants that follow the population shift bring more sprawl and consume more farmland. They also spread out the services governments have to provide, such as water and sewer and roads and streetlights.

It’s also possible the seemingly steady prices of homes in Allen County are actually a mirage: The countywide numbers might be buoyed by higher demand in the suburbs, which would mask falling prices in urban areas.

In fact, said Heather Presley, the city’s deputy director for housing and neighborhood services, prices are so low in some areas that people can afford to simply abandon the house and move somewhere else.

“When you combine that with the affordability we have here and you’ve got housing stock that people can literally walk away from,” she said, “they can abandon the house and be just as self-sufficient somewhere else.”

The situation is so dire that top city officials are – for the first time – considering a major philosophical shift in their housing strategy. After decades of working to create housing, they are now thinking about tearing it down (See story Monday).

How did it happen?

The housing and mortgage crisis is affecting much of the nation, but some areas have been hit harder than others. The south edge of the Greater McMillen Park neighborhood has been especially afflicted.

Along Oxford Street, Trentman Avenue and Drexel Avenue, nearly one out of every six houses appears empty, is for sale or for rent. It only takes a few foreclosures in a neighborhood to lower property values by up to 15 percent, experts say.

“You look at what that does to neighborhoods, and it’s just a spiral,” Presley said.

According to the studies done as part of Fort Wayne and Allen County’s joint comprehensive plan, it is not uncommon for builders to build more houses than there are new households in an area, especially in the Midwest. As older homes – especially those built in the 25 years after World War II – fall out of favor, demand for shiny new houses with no-maintenance windows and efficient furnaces intensifies.

Those postwar houses also suffered because they were built during a building boom, resulting in smaller houses on smaller lots. New houses come with open space, big yards for the kids and a two-car garage.

And then there is Robert Johnson. At one point, his Affordable Rentals managed 850 rental houses, mostly on Fort Wayne's southeast side. After Johnson's death in 2001, those 850 rentals hit the market like a millstone. Today, rental houses can be purchased for as low as $10,000.

As some investors have discovered, the price of rentals is low because that is all the rent will cover in financing and maintenance.

Just ask Ryan Romey. A few years ago, Romey owned 225 rental homes in Fort Wayne. But even with all the economies of scale that kind of operation brought, it was still a tough business.

Then came reassessment.

When Indiana switched its property tax system from one based on depreciation to one based on market value, the taxes on older homes exploded. To help homeowners, the state dramatically increased the homestead exemption – but the exemption doesn't apply to houses you own but don't live in, such as rental properties. Romey said the taxes on some houses he owned on Winter Street were more than the taxes on his own home on the northeast side.

"The taxes and insurance were more than the principal and interest" on the loans used to finance the properties, he said. "We were paying more in insurance and taxes than anything else."

And there was the glut of houses: There are so many rental houses and so few renters that landlords are basically forced to take any renter who appears, Romey said. They move in, but never pay the rent. And when they are finally removed, the house has to be remodeled.

"It was sad to watch the society that we've become when people know the system, they know they can pay you nothing to move in, pay you not at all once they do move in, live two to three months rent-free, once you file for eviction in the courts it's two or three more months, and in the meantime they're trashing your house," Romey said. "For six months you haven't made a dime and then you're redoing (the house) again."

Those who do pay the rent don't pay much, because there are too many rentals.

"When you're only getting $325 or $350 for a three-bedroom house, there's just no way," Romey said.

In early 2006, when it was clear the business was sinking, he started selling houses as quickly as he could. Some, with bank approval, he sold for less than he owed on them. Others he fixed up just to sell. He was able to stave off bankruptcy for a while, but finally filed for protection from his creditors in 2007.

Now, after living his entire life in Fort Wayne, he has moved his family to Grand Rapids, Mich., where he manages a large apartment complex.

How bad is the rental market? Landlords won't talk about it openly because of the legal implications, but some will say privately that the best tenants they had were drug dealers, because they always paid their rent and never needed maintenance until the police broke down the doors and arrested them.

Because of the low or non-existent profits, landlords don't invest in their properties and they continue to deteriorate, Presley said.

"They can't get any money out of it, so they don't improve it," she said. That drags values in the neighborhood down even further.

Head for the hills

Americans have been leaving the cities for the suburbs for decades, and Fort Wayne is no different. But the outward flight seems to have become more pronounced in the past 20 years, so much so that Allen County officials in 1997 had to place a moratorium on new development in Aboite Township, served by what was then Utility Center water, because of concerns the utility could not keep up with demand.

Even then, construction continued apace, with the number of residential building permits issued staying the same during the first seven months of the moratorium as the year prior.

There were so many new homes constructed from 1990 to 2000 that the number of building permits issued outpaced the number of new households in the county by 35 percent, according to studies done for the joint Fort Wayne-Allen County Comprehensive Plan.

“With healthy growth, I would say you should have a bit more housing stock than households,” Presley said. “I would say 35 percent gives us a surplus that is putting some stress on the core neighborhoods.”

The glut of houses has also created a market of the most unsavory kind: Those who used easy credit and low prices to run mortgage schemes.

Because rental property values are so low and because banks were willing to lend money on investment properties, some people were able to parlay the difference between actual value and financing into handsome profits.

One mortgage scheme uncovered by The Journal Gazette in early 2007 had a deal maker finding rental properties for as little as $20,000 and arranging mortgages for his investors for up to triple that amount and pocketing the difference. The newspaper found at least 100 properties in that financing ring; attorneys say there may have been as many as 200 houses involved.

In another case, bank ABN Amro alleged in a lawsuit that a mortgage scheme defrauded it on 150 houses in Fort Wayne – the mortgage broker in that case now faces federal charges – and other banks have alleged they were defrauded on mortgages on hundreds more houses.

Most of those houses end up in foreclosure – adding empty homes to already-struggling neighborhoods.

‘Nobody moves in’

John Boyd and his wife, Louise, have lived in their Drexel Avenue home for 32 years. When they moved in, it was a nice neighborhood filled with working families.

Now, there are pockets of nice houses, where owners keep them up. But there are also problems. Big problems.

Thirty of the 187 houses along Oxford, Trentman Avenue and Drexel Avenue between Queen Street and Wayne Trace are either boarded up, appear vacant, are for rent or for sale. That’s one of every six houses.

“They move out and nobody moves back in,” said the Boyds’ son, Greg. Rentals get trashed and landlords can’t afford to repair them. Or even if they do, there are no tenants to rent them and they sit empty. Houses sit for sale for months at a time. Some are boarded up and abandoned altogether. Every one is another nick at the value of the others.

“What do I keep fixing it up for when it doesn’t get me no value?” asked John Boyd. “You can’t get anybody to buy it.”

When they renovated their small but neat house a few years ago, the appraiser initially said it was worth $69,000. But after figuring in the neighborhood, the value dropped by $20,000. Then the Boyds were told their loan was a fixed interest rate when it was actually adjustable. Now they wonder what it will be worth when they want to retire. They sit in their well-maintained lawn and watch neighboring homes go to pieces.

“This used to be a nice neighborhood,” Louise Boyd said. “Now people move over here and they don’t own their home so they don’t care.”

As seen in the Fort Wayne Journal Gazette on June 22,2008

County has hands full with derelict homes

Inspector tries to catalog them for sale so they get back on tax rolls.

/

Tim Bailey slowed his SUV to a crawl as he approached the white two-story house in the 2900 block of Central Drive, then just kept on going.

“There's no trash in the yard, drapes are in the windows and it's not boarded up,” he said. “If it looks like somebody's living there, there probably is.”

Welcome to the often-unnoticed underbelly of Fort Wayne, where “normal” living conditions most of us take for granted are the exception, and a burgeoning supply of abandoned properties might rule if not for the Allen County Community Development Corp.

“It's shocking and sad how many houses in Fort Wayne are empty,” said Bailey, an unemployed architect whose 3-week-old job as the corporation's property investigator requires him to photograph and catalog properties claimed by the county for non-payment of taxes in the hope of finding new owners able and willing to maintain them.

Founded eight years ago to protect Allen County government from liability, the Development Corp. is not new. But the recession has dramatically expanded its mission and importance. When property owners can't or don't pay their taxes, and investors don't claim the property at the county's annual tax sale, the land and buildings revert to county ownership through the corporation. Instead of the usual hundreds of such properties, however, Bailey now has about 1,200 lots and homes on his list – properties that generate no revenue for the government, just expense for the taxpayers, who must pay to mow the lawn and board up the windows.

That's where Bailey comes in. Two days each week, you can find him driving through neighborhoods – most in central and southeast Fort Wayne – carrying a clipboard containing forms on which he can assess the condition of the foundation, roof, walls, windows and other features.

If the home is in relatively good shape, it will be offered for sale, usually at a price roughly equal to five years' worth of taxes on the property. That's a change from the policy in years past, County Building Commissioner Dave Fuller said, when homes were sold for as little as $150 to speculators or given to nonprofit housing agencies such as Project Renew or Neighborhood Housing Partnership, which have since gone out of business. Vacant lots may be offered to adjacent property owners who want to enlarge their yards.

Because the recession has increased the number of abandoned properties, the corporation has recently doubled its staff from two to four, including Bailey.

At a house on Plaza Drive, he discovered foundation walls bowed outward – a sign that renovation of the dilapidated house (which still has a satellite TV dish attached to the wall) would cost more than it is worth. The house will be torn down. A house on McKinnie with a gaping hole in its brick wall may share a similar fate. From what Bailey could see from the outside, however, most others had mostly cosmetic damage: a bad roof, sagging front porch, broken windows.

And he does all this knowing that, around any corner, could be a large dog or unfriendly neighbor who is wondering – perhaps logically – why a stranger is nosing around the house next door. And some of those “abandoned” homes really do have people living in them. Some are squatters; others have been victimized by unscrupulous people claiming to be the landlord – but aren't.

Ultimately, however, the rewards justify the risk.

Selling tax-delinquent properties does more than get them back on the tax rolls. In 2009, the Development Corp. generated $405,000 in sales and, after expenses, returned about $265,000 to the county's general fund, Fuller said.

As I said earlier, this is a side of Fort Wayne most people never see. I've lived in Fort Wayne most of my life, and grew up on the southeast side, but spending a few hours with Bailey last week took me to out-of-the-way places I had never visited. And, often, the abandoned homes are hard to spot on blocks littered with dilapidated but occupied properties.

But the importance of Bailey's work transcends the benefit to taxpayers. Almost every block we visited had at least a handful of well-maintained homes. Their owners need help to stem the blight around them, and the Development Corp. is providing that help.

“The Development Corp. had a banner year (in 2009),” County Commissioner Nelson Peters said. “But I guess you could call that a bittersweet success.”

He's right, of course. It would be better to not have hundreds or thousands of abandoned properties. But because we do have them, the people working hard to sell them – and those willing to buy, restore and maintain them – are unsung heroes who deserve our thanks.

As written in the New Sentinal by Kevin Leninger April 6 2010

No right or wrong in demolition debate

Mike Downs Center Study recently released

Updated: Tuesday, 12 Jan 2010, 6:03 PM EST
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FORT WAYNE, Ind. (WANE) - The Mike Downs Center for Indiana Politics at Indiana University-Purdue University Fort Wayne recently completed research studying the effects of the demolition of vacant residential buildings in Fort Wayne.

The study focused on the debate about which is better for the community, leaving a vacant house standing or demolishing it. Even though both sides of the argument have their supporters, the research found that not one is better for the community than the other.

"The fact that there is no overwhelming evidence that says demolition is good, demolition is bad is actually an important finding," said Andy Downs, with the Mike Down Center for Indiana Politics at IPFW.

For the purposes of the IPFW study, research included vacant properties in Fort Wayne that either had demolition permits issued from 1996 through 2007 and properties where water had been shut off for at least 17 months, indicating it too, was vacant.

The study found that the condition of the land of a property that had water shut-off was worse than the demolition properties. They found the structure itself on the shut-off properties contributed to the mess on the land. Vegetation grew up next to the structure and usually did not get cut or removed when the lot was mowed. The structures were usually in much better condition when it is on a demolition property than when it is on a shut-off property.

However, the study also found that the value of the shut-off land is much higher than the value of the land where the structure has been demolished. This is because the water and sewer taps add value to the land itself.

Downs tells NewsChannel 15 the city spends about half a million dollars a year on complaint-driven demolitions. He believes the study may have city officials reconsidering whether to knock down more homes.

"They really should be asking themselves is this the best use of those dollars?", Downs said.

John Urbahns, Fort Wayne's Director of Community Development, says the study is prompting the city to do some studying of its own.

"I don't think we're going to make any changes right now to the standard program, we will look at what our policies are and I think there needs to be a little more research," said Urbahns.

Downs says other issues like public safety and the cost benefit of demolition will be the subject of future studies. He hopes to get working on those by the summer.

Finding Supporting Demolition

The study found that land in the demolition population is cared for better than land in the shut-off population. The poor land condition has a greater relationship with decreasing values for adjoining land and structures in the shut-0ff population than the demolition population

The study said over time, the condition of land in the shut-off population deteriorates more than land in the demolition population. This means that over time, shut-off land and the land adjoining those properties decline in value more than the subject land and adjoining land in the demolition population.

Finding Opposing Demolition

However, the study also found that the assessed value of land is higher in the shut-off population than in the demolition population, and the land adjoining shut-off property is marginally better cared for that the land adjoining an empty lot.

According to the study, poor subject land condition in the demolition properties have a greater relationship with poor adjoining land and structure condition than in the shut-off population. This is concluded because it is rare with these properties that someone builds on a vacant lot.

Neutral Findings

Even though there are valid points for each side, researchers found there simply is no statistical significance of:
1. conditions of adjoining structures for either population

2. difference between both populations for adjoining land or improvement values.
3. a relationship between time and the value of improvements on the subject or adjoining properties.

Considering that information, the Down's Center has concluded that the research indicates there is no clear advantage or disadvantage to Fort Wayne's demolition program.

While there is still analysis to be done regarding whether it is better for a community to leave a vacant house standing or demolish it, the research should be expanded to include other factors like:

1. Other data in the analysis
2. Test other definitions of the word 'better'.
3. Discuss what circumstances the findings might change and then research those

Published: October 4, 2009 3:00 a.m.

Grant rehabs homes, neighborhoods, lives

Dan Stockman
The Journal Gazette

Laura J. Gardner | The Journal Gazette

Darrell and LaTecha Love bought this home after it was fixed up by a federal grant program.

Home tours

The city will showcase eight homes under construction as part of its City Living Tour next weekend.

The tour features homes renovated by local builders participating in the city's Neighborhood Stabilization program.

The homes are: 2319 John St., 2302 Florida Drive, 1903 Kensington Blvd., 2412 Gay St., 1137 Rivermet Ave., 2429 Smith St., 4502 Winston Drive and 533 E. Creighton Ave. The tours will be 6 p.m. to 8 p.m. Friday and noon to 6 p.m. Saturday and Sunday.

The house blends in with all the others in Village Woods, a neighborhood that is quiet during the workday and seems to come to life when school lets out.

But just a few months ago, the house Darrell and LaTecha Love now own was a problem: It had been foreclosed on and was dragging down neighborhood home values.

Enter the Neighborhood Stabilization Program, a federal grant program that pays to rehab foreclosed homes, keeping neighborhoods from teetering into a spiral where falling values put more people in situations where they owe more than their homes are worth, which causes even more foreclosures.

"We're getting stronger families moving into older neighborhoods because they can do what the house needs to make it marketable," said Heather Presley, the city of Fort Wayne's deputy director of community development for housing.

The program is aimed at stabilizing neighborhoods, not revitalizing them, which makes it much different from most other housing programs. Rather than trying to bring back a dying neighborhood, it tries to prevent the disease of abandoned homes from taking hold.

There are some income requirements for buyers, but they're more generous than most housing programs, so a family of four earning $73,000 a year could qualify.

"They're everyday people that work and want to find the best deal possible," Presley said.

Everyday people like the Loves. Darrell's a caseworker at Easter Seals ARC, and while they had always dreamed of owning their own home, they had no idea when it might become possible.

"We're still in dreamland right now. I don't think the reality has kicked in that it's ours," Love said. "Right now it just feels like, so surreal. It's not a reality right now that when we look back 20 or 30 years from now, this will still be our home."

'Opposite' of sprawl

The program works like this: Qualified buyers choose a foreclosed house and an approved developer. The city, using a $7 million federal grant, then lends the developer the money to buy the house and the money to fix it up. The two costs together can be up to 150 percent of the value of the home after it is done.

When construction is complete, the buyers get a bank loan for the house and buy it from the developer at its new appraised value. That bank loan pays back the city, so the money left can be used on another house.

An example is a house on South Cornell Circle in the Harrison Hill neighborhood. After foreclosure, it sold to developer Belay Corp. for $34,170. Belay then did nearly $72,000 worth of renovations – far more than could be done without the program because its final appraised value and sale price was $69,000, almost $37,000 less than the money Belay spent to buy and fix it up.

The developer is paid 20 percent of the rehab cost for the project – in this case, about $20,000 – and the realty agent gets $6,000, or 6 percent of the sale price, whichever is higher – about double what realty agents normally get.

Buyers also get a dollar-for-dollar match from the city for their down payment, thanks to a separate city program, plus a 10-year home warranty.

Presley said the program is working because it is market-driven rather than government-driven.

"The buyers are selecting the houses," she said. "So they're choosing neighborhoods they want to live in."

For Ric Zehr, the program has opened a new world. Zehr is vice president of subdivision developer North Eastern Group, which builds new houses. Some would call it sprawl.

“We sell dirt,” Zehr said. “This was an opportunity to get on the other side of that equation … This is kind of the opposite of development.”

‘Really rewarding’

When the $7 million arrived in city coffers in April, Zehr used a division of North Eastern Group, Belay Corp., to give the program a try. Now he’s a believer.

The house on Cornell Circle had been abandoned before last year’s ice storm, so it was covered with tree branches, and people had been partying inside it.

“To take that house – it’s a great, historic home – to take it back to what it looked like 80 years ago … ,” Zehr said.

The sale of the house was due to close Friday. Under normal circumstances, much of the work would not have been able to be done because it would have cost more than the house is worth. Thanks to the federal grant, the difference is covered.

“It would have been insurmountable … from an economic standpoint,” Zehr said.

And there are other, intangible payoffs – like the one he’s getting from working on a 109-year-old house at Tecumseh Street and Rivermet Avenue in the Lakeside neighborhood.

It is three stories tall and has never been divided into apartments, and underneath its age and neglect is a crown jewel of the neighborhood.

“To be able to restore that to its old glory, that’s really rewarding,” Zehr said. “What we’re doing is renovating a home that under normal circumstances wouldn’t be possible.”

That has real meaning to the Loves, because the program let them buy a house much nicer than they otherwise could have afforded.

“Once it became ours and we received the keys, you can’t explain our joy,” Darrell Love said. “They took an old house and made it something amazing. It’s almost magical.”

There may be a lot more of that magic to go around.

The program has been so successful – two houses sold, four in the process of being sold and eight more under construction – that the city expects to have all of the $7 million used or committed within weeks. Federal rules give 18 months.

Now, city officials hope that success will translate into more money: Fort Wayne has qualified to apply for $62 million more, which would expand the program dramatically. Presley said the city expects to learn by December whether that money will be forthcoming.

She said there’s a payoff for her, too: Watching builders that had once contributed to sprawl – devouring farmland for new homes while lowering demand in the city core – now working to solve the problem.

As the new housing market has dried up, rebuilding the existing home market has created new opportunities for them, helping existing neighborhoods and putting families into restored homes.

“The irony is it’s largely greenfield builders who are doing it,” she said.

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Renters could be coming to neighborhood

New Financing Options on Horizon

Updated: Friday, 12 Dec 2008, 9:00 PM EST
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FORT WAYNE, Ind. (WANE) - A financing option to get into the Renaissance Pointe neighborhood could soon be available.

The neighborhood, located just south of downtown Fort wayne, was created in 2005 as a revitalization project to promote home ownership. But now rent-to-own homes could be going up.

The Renaissance Pointe neighborhood is a "front porch community", that's gotten caught in the middle of a foreclosure crisis and tightening credit climate.

While $4 million in new sidewalks, lighting and infrastructure is evident, many lots and homes sit empty and without an owner.

It's now, more than ever, that a rent-to-own option might bring people to the neighborhood, according to Deputy Director for Housing and Neighborhood Services Heather Presley. Presley says a company called Granite Ridge is willing to provide that product.

"The product they would like to build there looks exactly like the houses there: the same design program," says Presley. "It's just making housing available to people who don't want to own or who maybe six months ago qualified with banks, but with the credit tightening no longer qualify."

While the proposal could be just the thing to boost the neighborhood, some neighbors there are not convinced it's a good idea

"People who rent don't get a hoot about their surroundings and dwellings," says Renaissance Pointe resident Byram Trice. Trice is concerned about the proposal, and that it might lead to a regression of the neighborhood. He says learning who will own the homes will be key for him to support the change.

"Very key," says Trice from his living room. "You don't want slum lords as tenants, where as long as they have the dollar bills coming in, they don't really care about the upkeep of the house."

That is something Presley says will not be a problem.

"A property management company will be hired to come in and actually mow the lawns, take care of snow removal and such."

The builders have to submit their proposal to the State of Indiana by January 16th. The City of Fort Wayne will likely support them in their bid.

There will be an informational meeting on the project coming up on January 8th. It'll be in the Downtown Branch of the Allen County Library in Room "C" from 6:30-7:30.

Local vs. national housing markets

Updated: Monday, 16 Mar 2009, 8:22 PM EDT
Published : Monday, 16 Mar 2009, 3:51 PM EDT

FORT WAYNE, Ind. (WANE) - If you live in an Allen County neighborhood, chances are you know of at least one home in your area that's for sale. Right now, there are more than 2,500 homes on the market.

There are more homes on the market right now than there has been in a long while, according to the President of the Fort Wayne Area Association of Realtors, Rena Black.

NewsChannel 15 wanted to find out if that's in fact a good thing."It is a good time for buyers, and less good time for sellers," said Black.Black said hardships in the Fort Wayne housing market pale in comparison to the national scale.

"Fort Wayne is one of the best places in the country to own a home," said Black.

Still, Fort Wayne has its fair share of struggling homeowners. Eleven percent owe more than their homes are worth, compared with a twenty percent average nationwide. The people looking to buy homes who are the ones reaping the benefits locally.

Newlywed Mike Tippmann, 25, said the housing market works to his advantage. Later this month, Tippmann and his wife will move into their new home, ending years of renting.

"It's definitely a good market out there, the lending is better than I thought it was going to be," said Tippmann. " I just really didn't feel right about all that money paying somebody else's mortgage. I'd rather build some equity in something myself."

The Tippmann's purchased a home that had been foreclosed.

"The pricing is a little better on the foreclosed homes," said Tippmann.

Rena Black said, however in this market, foreclosures aren't he only place buyers can find deals. That means sellers make less on their homes because there is more for buyers to choose from.

"People are taking that same pool of available money they had and buying a more expensive home," said Black. "It's just a vastly larger pool of product."

Experts said it is the big picture that matters, saying compared to the national housing market, Fort Wayne's is resilient.

"We seem to weather all of the national crisis issues," said Black. "We've had our ups, we've had our downs. We always come back to a strong position."

Our snapshot of the housing market continues in Monday's edition of the News-Sentinel.

The article explored the state of real estate. Learn how the current situation has hurt those in the business.

This series continues on Monday, March 23, uncovering issues surrounding banks and credit.

Broker sentenced in mortgage fraud case

Updated: Friday, 07 Aug 2009, 11:16 AM EDT
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FORT WAYNE, Ind. (AP) - A former mortgage broker has been sentenced to 18 months in prison and ordered to pay $2.3 million in restitution for his role in a mortgage scam that resulted in 150 foreclosures, mostly in Fort Wayne's inner city.

Justin L. Stuckey pleaded guilty to five counts of wire fraud in which federal prosecutors said he obtained fraudulent loans in 2002 for investors buying rental properties.

Prosecutors and Stuckey's defense attorney said his role in the fraud was minimal but he is the only person ever indicted in the case.

Judge Theresa Springmann sentenced the 36-year-old Stuckey to less than the typical minimum of nearly four years in prison for the convictions. She ordered him to pay $150 a month toward the restitution upon his release from prison.

Homes, people get second lease on life

New program to offer homes to low-income

Updated: Tuesday, 13 Apr 2010, 7:50 PM EDT
Published : Tuesday, 13 Apr 2010, 5:18 PM EDT

FORT WAYNE, IND. (WANE) - Some Fort Wayne homes that may otherwise sit empty are now being put to good use.

It helps clean up neighborhoods, but at the same time, it also gives those less fortunate a new lease on life.

Genesis Outreach is known for offering housing and services to abused women, but is now reaching out to the homeless and low-income… giving them the opportunity to live in a home and have a mentor.

"It would be better to reference it as a life manager or a life coach, as these case manager's approach will be to become a friend to that person and therefore assist the residents with any needs they may have," said Genesis Director Linda Golden.

Stimulus dollars and grants from the state are making it possible for the agency to snatch up homes that may have just sat empty and then renovate them.

"[We buy] properties that have been foreclosed upon due to non-payment of property taxes. I think that's also a good fit because we will be able to take some of those abandoned properties off the roles of our city," Golden said.

There are safeguards in place to make sure these soon-to-be spruced up homes don't fall into disrepair.

"They will have case managers, we will have housing coordinators and property maintenance. We will maintain our own properties and mow our own grass. We will have a full compliment of supporter services," Golden said.

Applications for those homes can be picked up at the Genesis Outreach office on Gay Street.

Rents will be roughly 30% of a person's income, and the agency says they'll have about 40 homes available and hope to have more on the way.

IN could see new wave of foreclosures

Updated: Saturday, 27 Mar 2010, 12:31 PM EDT
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INDIANAPOLIS (AP) - The number of Indiana mortgages that were 90 days or more overdue jumped to its highest level in more than a year in January, a statistic that has many fearing a surge of home foreclosures in 2010.

Indiana ranked 17th in the nation for foreclosures in late 2009, according to RealtyTrac Inc., a California-based foreclosure listing service. Experts fear thousands more could lose their homes this year because of long-term unemployment and a housing surplus unique to the Midwest.

One Indiana mortgage specialist believes the state is waging a losing battle against preventing foreclosures in a state where unemployment continues to hover near 10 percent.

In the first quarter of 2009, less than 25 percent of the jobless in Indiana had been unemployed for more than 27 weeks, according to a national Mortgage Bankers Association report. By the fourth quarter of 2009, however, that number was up to almost 40 percent.

People who have been unemployed for more than 27 weeks can't qualify for refinancing or mortgage assistance because they have no source of repayment, said Alan Thorup, executive director of the Indiana Mortgage Bankers Association and Greater Indianapolis Mortgage Bankers Association.

"A critical component of a consumer's ability to refinance or have their loan modified is the existence of an income stream," Thorup said. "One of the frustrations for consumers and everybody involved is that if there's no source of repayment, you're limited."

Drew Klacik, senior policy analyst at the IU Public Policy Institute, said Indiana's housing surplus is also partly to blame for the surge in delinquencies. Construction outpaced population growth in the Midwest, he said, leaving central Indiana with about 10,000 to 15,000 vacant homes.

"As the economy started to go bad and we had too many houses, we couldn't sell our way out of our housing crisis issue," Klacik said.

A surge of foreclosures could spell disaster for a housing market still struggling to recover from the recession despite federal incentives to buy and sell.

David Fredricks, program director for the Indianapolis Coalition for Neighborhood Development, said foreclosures slash home values and affect the psyche of a community. That makes it difficult to attract permanent residents and businesses,
who may be turned off by boarded-up buildings.

"It definitely deteriorates the fabric of the neighborhoods because you lose that neighborhood and community feeling. It can be a big pull-down on a community," he said.

Thorup said the key to breaking the cycle of foreclosure and delinquency lies in job creation.

"If in Indiana, we can develop job opportunities that can be filled not only by the graduating students but by the systemically unemployed, the foreclosures in the country and in Indiana could be abated somewhat, he said.